

STATE TEACHERS' RETIREMENT SYSTEM

INVESTMENT COMMITTEE

OPEN SESSION

SUBJECT: Investment Expenditures and
Other Income Update

ITEM NUMBER: 10

ATTACHMENT(S): 3

ACTION: _____

DATE OF MEETING: September 2, 1997

INFORMATION: X

PRESENTER: Ms. Okada

EXECUTIVE SUMMARY

Attachment 1 is a report as of June 30, 1998 of investment expenditures for the support and continuous appropriation budgets and securities lending income. Included in the report is the following:

- \$ actual expenditures for fiscal year 1996/97
- \$ actual expenditures for fiscal year 1997/98
- \$ projected expenditures for fiscal year 1997/98
- \$ projected expenditures for fiscal year 1998/99
- \$ securities lending income for fiscal years 1996/97 and 1997/98

Attachments 2 & 3 are the soft dollar expenditures for calendar year 1997 and commitments for calendar year 1998.

INVESTMENT COSTS				
	Actual thru 06/30/97	Actual thru 06/30/98	Revised Projected	Projected
	1996/97	1997/98	1997/98	1998/99
CATEGORY				
Portfolio Value (in billions)	\$75.00	\$88.00	\$81.85	\$95.00
EXPENDITURES				
Continuous Appropriations				
Dom. Equities-Active	\$6,112,089	\$3,054,825	\$4,600,000	\$15,300,000
Intl Eq-Active	13,432,133	13,563,353	14,700,000	22,750,000
Dom. Equities-Passive	337,500	450,000	450,000	450,000
Intl Eq-Passive	2,436,119	914,851	1,750,000	1,750,000
Emerging Markets	338,272	702,746	1,000,000	1,000,000
Global Asset Allocators	8,010,104	7,431,825	7,145,000	5,250,000
Fixed Income	0	0	0	0
Real Estate Advisors	6,907,348	10,373,290	5,750,000	7,000,000
Internal Contractors	423,500	0	0	0
Consultants (Gen./R.E.)	542,000	366,152	670,000	525,000
Alternative Investment	1,699,655	498,677	540,000	750,000
Alternative Investment**	0	385,972	385,972	0
Legal Services	218,352	120,873	400,000	400,000
Interagency Agreements	100,715	23,564	169,500	169,500
Custodian	2,059,686	1,825,161	2,500,000	2,750,000
Travel	110,124	81,366	150,000	150,000
Miscellaneous	220,734	124,540	125,000	125,000
Miscellaneous Services	0	377,903	220,000	220,000
Fiduciary Insurance	257,080	245,000	245,000	245,000
PERS	229,257	0	0	0
Council of Inst. Investors	25,000	25,000	25,000	25,000
Total Continuous Appr.	\$43,459,667	\$40,565,098	\$40,825,472	\$58,859,500
Support Budget				
Personal Services	\$2,499,864	\$2,644,968	\$2,649,100	\$2,775,000
Operating Exp & Equip	16,412	24,387	39,000	39,000
Total Support Budget	\$2,516,277	\$2,669,355	\$2,688,100	\$2,814,000
Total Investment Budget	\$45,975,943	\$43,234,453	\$43,513,572	\$61,673,500
Total Costs/Basis Points	6	5	5	6
Securities Lending Income	\$45,351,062	\$49,427,340		
** Final payment to Abbott Capital Management				

SOFT DOLLAR
EXPENDITURES
CALENDAR YEAR 1997

SERVICES	DESCRIPTON	PROGRAM	COST
AB LAFFER/CANTOS	WEEKLY GLOBAL ECONOMIC VIEW OF MARKETS	ADMIN	\$15,000
ISI	ECONOMIC RESEARCH REPORT	ADMIN	13,400
NAKAGAMA WALLACE	INSTITUTIONAL SERVICE LEVEL II	ADMIN	13,250
DOUGLAS GILLESPIE	ECONOMIC NEWSLETTER	ADMIN	10,000
AG SHILLING	ECONOMIC NEWS/CONSULTING	ADMIN	25,500
MARC FABER	GLOOM BOOM & DOOM REPORT	ADMIN	500
		SUB-TOTAL	<u>\$77,650</u>
ADP-PROXY EDGE	ELECTRONIC PROXY VOTING	CORP GOV	\$10,771
ABEL NOSER	STUDY ON THE OTC TRADING	CORP GOV	20,000
PIRC CORP GOV SERVICES	ANALYSIS OF COMPANIES IN UNITED KINGDOM	CORP GOV	2,500
DOW JONES	ON-LINE NEWS RETRIEVAL SYSTEM	CORP GOV	10,000
IRRC	RESEARCH CORP GOV, PROXY ISSUES, CORP ACTIONS	CORP GOV	27,200
ISS - US PROXY ADVISORY SRV	ELECTRONIC INFO COMPENSATION, CORP GOV, MERGERS	CORP GOV	61,875
MOODY'S FINANCIAL INFOR SRV	FINANCIAL & COMPANY HISTORY INFORMATION	CORP GOV	4,665
THE ROCKY CO.	COMPANY RESEARCH	CORP GOV	5,000
ROBERT LEAHY	RESEARCH ISSUES	CORP GOV	25,000
GILMORE & CO.	RESEARCH REPORT ON MAXXAM	CORP GOV	15,000
		SUB-TOTAL	<u>\$182,011</u>
ABLE NOSER	TRANSACTION MEASUREMENT	EQ MONITORING	\$600
BARRA ADDITIONAL USER	PORTFOLIO/RISK ANALYSIS SOFTWARE	EQ MONITORING	3,000
EFFRON ENTERPRISES INCORP	CORPORATE PENSIONS UNIVERSE	EQ MONITORING	600
INTNL TRDING COST ANALYSIS	TRADING COST MEASUREMENT REPORTS	EQ MONITORING	7,500
STYLE ADVISOR	PERFORMANCE/STYLE BEHAVIOR/RISK	EQ MONITORING	15,000
VESTEK SYSTEM	ON-LINE PERFORMANCE MODEL	EQ MONITORING	25,000
		SUB-TOTAL	<u>\$51,700</u>
AMERICAN BANKER	PROVIDE INFORMATION ON PUBLIC FINANCE SECTOR	FIXED INCOME	\$995
BARGERHUFF & ASSOCIATES INC	SECURITIES LENDING ANALYTICS	FIXED INCOME	25,000

SOFT DOLLAR
EXPENDITURES
CALENDAR YEAR 1997

SERVICES	DESCRIPTON	PROGRAM	COST
BLOOMBERG LIMITED PARTNERS	BLOOMBERG TERMINALS	FIXED INCOME	65,000
RYAN LABS	RESEARCH PAGE VIA BLOOMBERG	FIXED INCOME	1,500
BOND BUYER	PROVIDE INFORMATION ON PUBLIC FINANCE SECTOR	FIXED INCOME	1,900
COMPUSERVE METASTOCK QUOTE	HISTORIC FINANCIAL MARKET INFORMATION	FIXED INCOME	1,200
DUFF & PHELPS	CORPORATE REPORTS, INDUSTRY TRENDS	FIXED INCOME	29,000
FITCH FINANCIAL RATING	ANNUAL RATING OF STRS FUND	FIXED INCOME	10,000
MOODY'S RATING	STRS CREDIT ENHANCEMENT PROGRAM	FIXED INCOME	35,000
MOODY'S RESEARCH CD ROM	CORPORATE REPORTS, INDUSTRY TRENDS	FIXED INCOME	28,750
SALOMON BROTHERS YIELD BK.	ON-LINE FIXED INCOME ANALYTICS SYSTEM	FIXED INCOME	102,000
STANDARD & POORS	CREDIT ENHANCEMENT RATINGS	FIXED INCOME	20,000
TELERATE TERMINAL	ON-LINE MARKET NEWS, PRICES	FIXED INCOME	10,000
THOMPSON BANK WATCH	BANK REPORT, BANK DATA BOOK, INTNL DATA BOOK	FIXED INCOME	1,199
		SUB-TOTAL	<u>\$331,544</u>
BARRA AEGIS OPTIMIZER/RISK MGR	PORTFOLIO/RISK ANALYSIS SOFTWARE	INTERNAL EQ	\$50,000
BRIDGE WORKSTATIONS 6.11	NEWS QUOTES, MARKET ANALYTICS	INTERNAL EQ	36,000
FAN ASSET MANAGEMENT	EQUITY STYLE/CAP FORECASTING	INTERNAL EQ	10,000
S&P INDEX ALERT	ELECTRONICALLY TRACKS S/P500/CORP NEWS	INTERNAL EQ	9,500
		SUB-TOTAL	<u>\$105,500</u>
NETWORK SEC FIREWALL/INTERNET	ONE TIME INSTALLATION	OPERATION	\$35,000
NETWORK SEC FIREWALL/INTERNET	SOFTWARE/TRAINING/MONTHLY LINE CHARGE	OPERATION	26,000
		SUB-TOTAL	<u>\$61,000</u>
		TOTAL	<u><u>\$809,405</u></u>

SOFT DOLLAR
COMMITMENTS
CALENDAR YEAR 1998

SOFT DOLLAR SERVICES	DESCRIPTON	PROGRAM	COST
AB LAFFER/CANTOS	WEEKLY GLOBAL ECONOMIC VIEW OF MARKETS	ADMIN	\$15,000
ISI	ECONOMIC RESEARCH REPORT	ADMIN	13,400
NAKAGAMA WALLACE	INSTITUTIONAL SERVICE LEVEL II	ADMIN	13,250
WILSHIRE & ASSOCIATES	COMPASS - INFORMATION AND CONSULTING TOOL	ADMIN	36,000
		SUB-TOTAL	<u>\$77,650</u>
ADP-PROXY EDGE	ELECTRONIC PROXY VOTING	CORP GOV	\$20,000
PIRC CORP GOV SERVICES	ANALYSIS OF COMPANIES IN UNITED KINGDOM	CORP GOV	2,500
DOW JONES	ON-LINE NEWS RETRIVAL SYSTEM	CORP GOV	10,000
IRRC	RESEARCH CORP GOV, PROXY ISSUES, CORP ACTIONS	CORP GOV	20,025
ISS - US PROXY ADVISORY SERVICES	ELECTRONIC INFO COMPENSATION, CORP GOV, MERGER	CORP GOV	61,875
MOODY'S FINANCIAL INFOR SRV	FINANCIAL & COMPANY HISTORY INFORMATION	CORP GOV	4,665
ROGERS CASEY	ANALYSIS OF TOBACCO STOCKS	CORP GOV	25,000
		SUB-TOTAL	<u>\$144,065</u>
ABLE NOSER	TRANSACTION MEASUREMENT	EQ MONITORING	\$600
BARRA ADDITIONAL USER	PORTFOLIO/RISK ANALYSIS SOFTWARE	EQ MONITORING	6,000
EFFRON ENTERPRISES INCORP	CORPORATE PENSIONS UNIVERSE	EQ MONITORING	600
INTNL TRADING COST ANALYSIS	TRADING COST MEASUREMENT REPORTS	EQ MONITORING	40,000
STYLE ADVISOR	PERFORMANCE/STYLE BEHAVIOR/RISK	EQ MONITORING	15,000
VESTEK SYSTEM	ON-LINE PERFORMANCE MODEL	EQ MONITORING	25,000
		SUB-TOTAL	<u>\$87,200</u>
AMERICAN BANKER	PROVIDE INFORMATION ON PUBLIC FINANCE SECTOR	FIXED INCOME	\$995
BARGERHUFF & ASSOCIATES INC.	SECURITIES LENDING ANALYTICS	FIXED INCOME	25,000
BLOOMBERG LIMITED PARTNERS	BLOOMBERG TERMINALS	FIXED INCOME	120,000
BOND BUYER	PROVIDE INFORMATION ON PUBLIC FINANCE SECTOR	FIXED INCOME	1,900
DUFF & PHELPS	CORPORATE REPORTS, INDUSTRY TRENDS	FIXED INCOME	29,000
FITCH FINANCIAL RATING	ANNUAL RATING OF STRS FUND	FIXED INCOME	10,000
MOODY'S RATING	STRS CREDIT ENHANCEMENT PROGRAM	FIXED INCOME	35,000

SOFT DOLLAR
COMMITMENTS
CALENDAR YEAR 1998

SOFT DOLLAR SERVICES	DESCRIPTION	PROGRAM	COST
MOODY'S RESEARCH CD ROM	CORPORATE REPORTS, INDUSTRY TRENDS	FIXED INCOME	28,750
SALOMON BROTHERS YIELD BK.	ON-LINE FIXED INCOME ANALYTICS SYSTEM	FIXED INCOME	102,000
STANDARD & POORS	CREDIT ENHANCEMENT RATINGS	FIXED INCOME	20,000
TELERATE TERMINAL	ON-LINE MARKET NEWS, PRICES	FIXED INCOME	10,000
THOMPSON BANK WATCH	BANK REPORT, BANK DATA BOOK, INTN'L DATA BOOK	FIXED INCOME	1,199
		SUB-TOTAL	<u>\$383,844</u>
BARRA AEGIS OPTIMIZER/RISK MGR	PORTFOLIO/RISK ANALYSIS SOFTWARE	INTERNAL EQ	\$50,000
BRIDGE WORKSTATIONS 6.11	NEWS QUOTES, MARKET ANALYTICS	INTERNAL EQ	36,000
FAN ASSET MANAGEMENT	EQUITY STYLE/CAP FORECASTING	INTERNAL EQ	10,000
S&P INDEX ALERT	ELECTRONICALLY TRACKS S/P500/CORP NEWS	INTERNAL EQ	9,500
NEW YORK STK EXCHANGE	MARKET DATA 3-USERS	INTERNAL EQ	2,097
AMERICAN STK EXCHANGE	MARKET DATA 3-USERS	INTERNAL EQ	1,087
NASDAQ STK MARKET	MARKET DATA 3-USERS	INTERNAL EQ	1,116
OPRA	MARKET DATA 3-USERS	INTERNAL EQ	864
STANDARD & POORS	MONTHLY RETURNS - S/P 500 INDUSTRY GROUP	INTERNAL EQ	2,163
EQUIS	WEEKLY HISTORICAL FINANCIAL MARKET	INTERNAL EQ	12,000
INTERACTIVE DATA - XACCESS	PRICES FOR NORTH AMERICAN EQUITY SECURITIES	INTERNAL EQ	890
		SUB-TOTAL	<u>\$125,717</u>
NETWORK SEC FIREWALL/INTERNET	SOFTWARE/TRAINING/MONTHLY LINE CHARGE	OPERATIONS	\$45,000
INSTITUTIONAL TRADE DELIVERY SYS	SOFTWARE TO DTC ID SYSTEM	OPERATIONS	625
THOMSON INVESTMENT SOFTWARE	APPLICATION - PORTIA SYSTEM	OPERATIONS	27,056
PORTIA HARDWARE	ACCTNG SYS FOR INTERNAL PORTFOLIOS-ANNUAL MAINT	OPERATIONS	5,411
GATEWAY 2000/ENTEX	HARDWARE (2- COMPUTERS)	OPERATIONS	5,600
CCH-COMMERCE CLEARING HOUSE	ONLINE (WEB BASED) ACCESS TO CAPITAL INFORMATION	OPERATIONS	4,300
		SUB-TOTAL	<u>\$87,992</u>
VENTURE ECONOMICS BENCHMARKS	BUYOUTS & OTHER PRIVATE EQTY BENCHMARKS	ALT INVEST	<u>\$2,390</u>
		TOTAL	<u><u>\$908,858</u></u>